Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
QTI		Due to concerns and to prevent confusion on how measurement years will be treated, please consider making these contract amendments effective for both MY2023 and MY2024 as well.	Thank you for clarifying. The 2025 contract amendment is effective for MY2023 and MY2024 as stated.
QTI		In the third category, we respectfully request to add reduce/waive penalty if plan can demonstrate best efforts to improve member compliance with metric(s)	Language in 1.02 Benchmarks and Payments to the Quality Transformation Fund states 'Covered California may, in its sole discretion, waive or reduce payments to the Quality Transformation Fund for Contractors that do not meet or exceed required benchmarks but otherwise, as determined by Covered California, demonstrate superior QHP quality or show significant improvement in one or more measure scores.' Covered California remains committed to transparency and fairness in any approach that leads to reducing or waiving penalties. The methodology and recommendation would be shared with all QHPs and stakeholders before implementation.
QTI		We appreciate Covered California's inclusion of the language "Consistent with CMS eligibility requirements for QRS reporting, Contractor's QHPs with a minimum of two years of QRS reportable scores will be subject to the QTI performance requirements and payments to the Quality Transformation Fund may be required depending on QHP performance." into the Preamble of Attachment 4. We agree that aligning this with existing CMS QRS requirements and methodology makes sense.	Thank you for your support.
1	1.01.2	While we are disappointed that Covered California is delaying health disparities reduction requirements to 2026, we have appreciated Dr. Soni and her team sharing updates on the status of the QTI and hearing our perspectives and feedback on disparities reduction methodologies. We look forward to additional conversations with Covered CA as it refines its disparities methodology alongside other purchasers.	We appreciate your feedback. We want to assure you that we are actively engaged in the evaluation process to ensure the most effective implementation of these requirements.
1	1.02	Benchmarks and Payments to the Quality Transformation Fund: We appreciate Covered California's admonition to contractors that they are still responsible for improving performance measures despite QTI payments.	Thank you for your support.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.02	As proposed, Covered California has not changed the requirement regarding Comprehensive Diabetes Care: Hemoglobin A1c control <8.0% in Attachment 4. However, Covered California has changed this measure to A1c >9.0% in Attachment 1 for Measurement Year 2024. Additionally, the Patient Level Data (PLD) submission would require QHPs to submit data using the updated NQF measure. Can Covered California confirm that the updated measure for A1c is *not changing for Attachment 4 and for the purposes of QTI?*	Thank you for your inquiry regarding the Comprehensive Diabetes Care: Hemoglobin A1c control. As stated in Attachment 4, Hemoglobin A1c control <8.0%, remains unchanged for the purposes of QTI. Any modifications to this measure are exclusive to Attachment 1 for Measurement Year 2024 and do not impact Attachment 4.
1	1.02.1 a.	CMS will be changing the QRS Colorectal Cancer Screening (NQF #0034) measure an electronic measure in 2024. Please address how Covered California will adjust the 2021 benchmark, as hybrid lift (medical record review) will no longer be an applicable for this measure. We recommend adjusting the benchmark by the average hybrid lift across all QHPs until a benchmark can be established for the electronic measure. With any future measure changes, we would like to discuss the appropriate benchmark replacement.	According to the 2022 CMS Final Call Letter, Colorectal Cancer Screening, Breast Cancer Screening, Immunization for Adolescents (Combination 2), and Childhood Immunization Status (Combination 10) are listed as ECDS optional measures. QHPs are required to report these three measures using historical submission (admin and hybrid), but they do have the option to report the Electronic Clinical Data Systems (ECDS) version. It's important to note that the ECDS versions will not be utilized in the MY2023 QRS scoring, and there is no guidance yet provided for succeeding years. Additionally, as outlined in the 2023 CMS Final Call Letter, BCS-E is designated as the exclusive mandatory ECDS measure for MY2023. Consequently, BCS-E will be the sole ECDS-scored measure for MY2023. We will communicate with the plans regarding any future measure and benchmark change.
1	1.02.1 a.	For consistency with Attachment 1, please insert language stating that the Hemoglobin A1c (HbA1c) Control (<8.0%) measure will be replaced with the Comprehensive Diabetes Care: Hemoglobin A1c (HbA1c) Poor Control (>9.0%) measure when an appropriate benchmark is established. With any future measure changes, we would like to discuss the appropriate benchmark replacement.	As stated in Attachment 4, Hemoglobin A1c control (<8.0%) remains unchanged for the purposes of QTI. Any modifications to this measure are exclusive to Attachment 1 for Measurement Year 2024 and do not impact Attachment 4. We are committed to discussing appropriate benchmark replacements for any future measure changes.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.02.1 b.	The CIS Combo-10 denominator size is significantly smaller than the standard sample size for medical chart review (n=411). This can cause broad changes in outcomes year over year. We also saw increased rates of documented immunization refusal in our medical record Reason Code analyses across Commercial, Marketplace, and Medi-Cal. The small denominator size and vaccine refusal make this measure extremely difficult to meet the 66th percentile benchmark within the marketplace population. We would like to request that Covered California consider reducing or waiving the penalty for this measure and that this can be explored and discussed further with HSAG, CDPH, DHCS, and other stakeholders.	We acknowledge concerns regarding the CIS Combo-10 measure. Covered California is actively exploring a CIS-10 review process for MY2023 which is aimed at providing clinically appropriate flexibility. Covered California's EQT division will share further details soon.
1	1.02.5	We recommend maintaining the total penalty at risk for Performance Standards and the Quality Transformation Initiative at 1.8% for 2025. The Quality Transformation Initiative should allow for reporting experience before further increasing penalties. QTI improvements will require financial investments to drive provider engagement and metric improvements, holding funds at the current level will allow carriers to maximize the balance between increased rates due to added costs and actual QTI improvements.	Covered California remains committed to exploring how to balance investment in quality versus premium impact. We will have continued dialogue as the program develops as well as in preparation for the 2026 Contract. Contract language was adjusted to "up to 2.8%" to allow for flexibility if needed in MY 2025.
1	1.02.6	Any payments waived or reduced should be clearly defined and applied in a methodology consistently across all QHP issuers. "Significant improvement in one or more measure" should be calculated with an improvement attainment target threshold that is appropriate for each measure and with a defined penalty reduction percentage. Covered California should also consider reducing or waiving penalties if the rates for a measure are not trendable due to denominator size. If the penalty waiver or reduction language in 1.02.6 cannot be further defined to be applied consistently to all carriers, then it should be removed. Please also remove "in its sole discretion" from the penalty waiver/reduction language.	Covered California remains committed to transparency and fairness in any approach that leads to reducing or waiving penalties. The methodology and recommendation would be shared with all QHPs and stakeholders before implementation.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.02.6	EXPANDING ON FORCE MAJEURE For this new section 6 re: waiver or reduction in payments, we recommend adding language to enable Covered CA to waive or reduce payments based on significant and material impacts that may be out of the control of the contractor. Policy / legislative changes at state or federal level, benchmark changes from CMS, pandemics, even significant behavioral population changes can impact most QHPs performance for certain measures. This addition would allow the program the ability to react to new information that was not available when the benchmarks where established. Its not clear that the definitions in 13.7 of the base agreement (Force Majeure) allow for those types of impacts. This may also be impact section 1.01.3 on QTI measure sets.	Thank you. We remain committed to discussing appropriate benchmark replacements or adjustments needed in the future.
1	1.03	Please add language that clarifies the year for which premiums should be adjusted to include QTI payment impacts. We recommend premiums include QTI adjustments for the year after the QTI fund payment was made.	We believe that reasonable expectations for QTI payments are available for the PY25 pricing cycle given historic and current performance. Consequently, we anticipate that plans will be able to estimate this impact for MY23 and incorporate it into the PY25 pricing. Covered California has already shared QTI performance MY2020 and MY2021 data, with MY2022 data soon to follow, enabling plans to proactively assess their performance and prepare for their QTI payments. Moreover, it's worth noting that there have not been dramatic performance variations in the past three years.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.03	ALIGNMENT OF QUALITY TRANSFORMATION FUND PAYMENTS WITH PRICING CYCLE AND PLAN YEARS The contract language should include a representative timeline to provide clarity on when QHPs should factor payments into their pricing. Given the potential to have up to a 3.8% impact on premiums, the timing and alignment with the rating/pricing cycle is important. The finalization of scores, timing for review & resolution of potential disputes would likely result in a QTI population health investment being made 3 years after the measurement year ended. MY2023 QTI investments are likely to be deployed 2026 per this timeline: - Fall 2024 - MY23 HEDIS and QTI Scores Finalized - Winter 2024 - MY23 payment calculations determined - Feb/March 2025 - end of 120 day dispute cycle and final amount agreed upon - March thru July 2025 - pricing determined for 2026. In this window, QHPs can include the MY23 Population Health Investment in their 2026 pricing. This will also allow the QHP and Covered CA time during 2025 to determine the Population Health Investment to be made with the MY23 payments, and to build out the necessary reporting & tracking. We recommend the following modifications to Attachment 4, Section 1.03 Implementation Timeline to clarify the obligations, timing, alignment among health plan rate-development and considerations for QHPs regarding the quality transformation investment: Contractor shall include quality transformation investments in the rate-development for the plan year in which expenditures will be made. For example, an investment based on MY2023 quality outcomes would be included in the 2026 rates (which are negotiated and set June-July 2025) and will be expended during 2026. In the event a QHP is decertified, withdraws from the market, or otherwise is no longer offered, there shall be no liability/obligation for quality transformation investments from the preceding years. If a QHP service area is materially reduced, the quality transformation investment may be proportionally adjusted or deferred for future years by Covered California. Covered California may defer a contractors investment payment timeframe, and thus the corresponding premium impacts, for future years..	Thank you for your thoughtful comments. We believe that reasonable expectations for QTI payments are available for the PY25 pricing cycle given historic and current performance. Consequently, we anticipate that plans will be able to estimate this impact for MY23 and incorporate it into the PY25 pricing. Covered California has already shared QTI performance MY2020 and MY2021 data, with MY2022 data soon to follow, enabling plans to proactively assess their performance and prepare for their QTI payments. Moreover, it's worth noting that there have not been pronounced performance variations in the past three years. Regarding the matter of QHP decertification, withdrawal from the market, or discontinuation of services, Contractor is responsible for compliance while participating on the Exchange. If Contractor does not meet its obligations while contracted, Covered California may collect any due payments.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
QTI	1.03	We request the following amendment: “Covered California shall manage the collection and administration of payments in the Quality Transformation Fund. Payments due to the Quality Transformation Fund will be transmitted to and retained by Covered California or to an entity contracted with Covered California for this purpose, or will be retained by Contractor to be used only as expressly approved by Covered California rather than projects self-selected by the contractor. Contractor shall make payments in accordance with the instructions accompanying the invoice issued by Covered California pursuant to Section 1.03.	Thank you. Covered California will incorporate into final language.
1	1.04	ADMINISTRATION OF QTF The existing language around invoice processing and timeframes should be modified to enable contractors to make direct payments towards the population health investment. Suggest modification of 1.04 ADMINISTRATION OF QTF as follows: Contractor shall allocate funds towards Quality Transformation Fund via one of the following methods: : 1) Funds will be transmitted to and retained by Covered California; per instructions provided by Covered California 2) Funds will be transmitted and retained by an entity contracted with Covered California for this purpose, per instructions provided by Covered California, or 3) Funds retained by Contractor to be used only as expressly approved by Covered California. in support of an approved Population Health Investment per section 1.05.2	Thank you. Covered California will incorporate into final language.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.04	Administration of the Quality Transformation Fund: We strongly support Covered California's effort to use penalty funds towards population health investments. These investments are critical to advancing health equity. We have strong concerns over the request by some health plans that penalty funds be distributed to third party consultants in order for the funds to be counted towards their MLRs. We have a shared and unfortunate history when QHPs saw the plans as the owners of health plan data, thus impeding earlier quality initiatives. We are concerned that allowing individual plans to hire third parties will create a similar situation in which individual plans assert that the work of the third party consultant is "confidential" or "proprietary". We continue to be concerned that instead of all California QHPs moving forward to goals that are aligned across all plans, individual QHPs will pick and choose where to make progress, focusing on those areas where each plan looks best rather than areas of the greatest consumer need. We also urge Covered California to consult with DMHC over MLR restrictions to determine whether health plan interpretations are valid. A primary reason for the establishment of Covered California's Healthcare Evidence Initiative (HEI) was to allow Covered California to collect and analyze health plan data directly without the necessity of third party ownership or intervention. If Covered California and DMHC determine it is necessary for health plans to retain these funds, we strongly support Covered California's additional contract language that clearly establishes Covered California's authority to collect, administer and approve of the use of these funds regardless of which entity holds them. We would suggest adding additional language should plans be allowed to retain these funds, that would authorize Covered California to audit the funds at any time. In addition, we would ask for additional language clarifying that the third party consultants will focus on the areas Covered California designates, not those the health plan self-selects.	Covered California acknowledges and appreciates your strong support for our effort to use QTI funds toward population health investments and our shared commitment to advancing health equity. We recognize your concerns regarding the distribution of these funds to third-party consultants and the potential challenges that could arise in terms of data ownership, confidentiality, and selective progress. Covered California is committed to ensuring direct oversight and ownership of the population health investments, including review and approval of any third parties involved. We agree that the mechanism for managing these funds may need to vary depending on the specific population health investments chosen and look forward to continued dialogue on both the population health investments as well as the administration of funds. Your valuable input helps us refine our processes and policies to better serve the needs of consumers and align with our shared goals. We appreciate your engagement.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.04	Additionally, we understand some health plans are concerned from an accounting perspective about whether penalties would be paid in the year they were incurred or in out years. We encourage Covered CA to work with plans on a payment schedule that minimizes consumer burden in the form of premium increases based off of plan conjecture. For this reason, we support Blue Shield's proposal that plan penalties be paid in the calendar year in which they are paid rather than in the calendar year in which they were incurred, in order for health plans to tie premiums to the true penalty amount, rather than an anticipated amount.	We believe that reasonable expectations for QTI payments are available for the PY25 pricing cycle given historic and current performance. Consequently, we anticipate that plans will be able to estimate this impact for MY23 and incorporate it into the PY25 pricing. Covered California has already shared QTI performance MY2020 and MY2021 data, with MY2022 data soon to follow, enabling plans to proactively assess their performance and prepare for their QTI payments. Moreover, it's worth noting that there have not been pronounced performance variations in the past three years.
QTI		We request the following amendment: "Covered California shall engage with stakeholders, including QHP Issuers, consumer advocates, providers and others in developing recommendations for Population Health Investments and program designs."	Thank you. Covered California will incorporate into final language.
QTI		We strongly support this revised language: "Based on engagement with stakeholders, Covered California, in its sole discretion, shall establish permissible Population Health Investments for Contractor to implement as specified below."	Thank you for your support.
QTI		CONSIDER ADJUSTING OF THE PENALTY SLOPE Given impacts to pricing, Covered California should consider adjusting the slope of the penalties instead of accelerating 1% each year, accelerate 0.5% each year. In context of 2024's statewide average rate increase, this change can help mitigate future rate impacts.	Thank you. Covered California remains committed to exploring how to balance investment in quality versus premium impact. We will have continued dialogue as the program develops as well as in preparation for the 2026 Contract.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.05	We believe that rather than spend penalty funds on projects Covered CA should implement the plan presented to the board in February 2022 for the following reasons. The original plan was good. The plan for QTI implementation presented at the February 2022 board meeting was well balanced in that it provided strong financial incentives (3.8% of premium by 2026) for plans with poor clinical quality to improve, without pushing up rates overall, as penalties would be offset by equivalent reductions in carrier fees. As fees would be reduced for all carriers equally, poor performers would still be motivated by the relatively higher burden of paying penalties and the resulting loss in rate position relative to better performers. Using QTI funds for non-insurance purposes will cause real harm to consumers. Although lower income consumers who qualify for a tax credit will be insulated from premium increases, middle class consumers who make up over a third of the individual plan market will not be. We have a real affordability problem in the non-subsidized individual plan market which will become worse in 2024 with nearly 10% overall increases in premium. Using premium dollars to fund projects will not likely improve overall quality. The amount of funding generated by QTI penalties will have a material negative impact on affordability in the individual plan market but as this market represents less than 5% of the CA population, it will likely not provide enough funding to make a difference in performance for the overall healthcare delivery system. The QTI is an experiment that has not yet been tested. The QTI can be seen as an experiment testing the hypothesis that materially increasing financial penalties for poor clinical performance will result over time in significant improvement in quality. As we will not know the results of this experiment until 2027 or later, it does not seem prudent to make changes that will harm the individual plan market while potentially failing to improve quality. Better to start with “first do no harm”. Covered CA’s example to other states. Part of Covered CA’s success story has been that you have significantly reduced the number of uninsured people in the state without materially driving up premium rates, despite having larger participation fees than other exchanges (3.25% vs 2.25% for the FFM). The success story will be undermined somewhat by the 9.6% overall increase for 2024 but need not be in future years if QTI penalties do not drive-up average premiums.	Covered California appreciates your perspective and concern regarding the allocation of QTI funds. We acknowledge the importance of prudent decision-making and the price-sensitivity of our members. While we understand the concerns about potential premium increases, we believe that it is equally imperative to prioritize investments in programs that directly benefit our members. We remain committed to working closely with all stakeholders to ensure that our actions align with what is best for our members, maintaining a balance between affordability and the delivery of high-quality, equitable care.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
1	1.05.4	Please replace the term “terminate” with “cease” in the second paragraph of section 1.05.4. This will clarify that existing Population Health Investments will not be retro-terminated after investments have already been made into the program. "Covered California may request changes in Contractor’s Population Health Investment program design or may ~~**terminate**~~ **cease** Contractor’s Population Health Investment."	Thank you. Covered California will incorporate into final language.
QTI	1.06	1.06 Unspent Funds Unspent funds in the Quality Transformation Fund must remain in the Quality Transformation Fund. Contractor shall attempt in good faith to use payments made to the Quality Transformation Fund, in full, in the same Calendar Year in which payments were made. If Contractor has unspent payments within the Quality Transformation Fund at the end of the Calendar Year, Contractor shall use the payments during the next Calendar Year for Population Health Investments approved by Covered California. Contractor shall not recover unspent payments or use unspent payments for purposes not previously approved by Covered California. Covered California reserves the right to request an audit of payments due to the Quality Transformation Fund at any time.	Thank you. Covered California will incorporate into final language.
1	1.06	The timeline for the use of funds should follow the dispute and payment process in section 1.03, and also provide time for the selection and approval of a Population Health Investment program in section 1.05. Please revise the language to allow the funds to be spent after these activities are finalized, rather than specifying that the funds must be used “in the same Calendar Year in which payments were made.” Any remaining funds should be used by the end of the Calendar Year following the initial Population Health Investment.	Thank you for your suggestion. Of note, the selection and approval of Population Health Investments will occur prior to the dispute and payment process, which will allow for funds to be spent in a timely and efficient manner.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
QTI		Feedback was provided during the QTI discussion with Covered CA on 9.26.23. In summary: Sharp is supportive of the fundamental foundation of the QTI program. However, the current structure does not appear to take into consideration the investments in quality, high performing plans have already made. Even though a QHP may avoid paying penalties, there is still no acknowledgement, strategic advantage and/or dollars coming back. We would like to propose a grant system where all the dollars from the penalties is given out to QHPs, no matter how they performed (so it includes high performers). Poor performing plans would need to "apply", but high performing plans would automatically be included. Plans would need to present a concrete plan of how that money would go to specific quality improvement plans and how they would be measured. These improvement plans would be monitored by Covered CA and QHPs would be held accountable that the dollars went towards improving quality.	Thank you. Covered California has included language which will allow for continuous assessment of the success of the Quality Transformation Fund. Based on outcomes from Population Health Investments, feedback from stakeholders, and availability of funds, Covered California may consider revising or establishing additional programs, opportunities, and uses for payments made to the Quality Transformation Fund.
QTI		The application of the QTI penalty percentage to billed premium is not equitable for plans. Health plans that are transfer payment payers (having lower than average risk scores) will be disadvantaged against health plans that are transfer payment receivers (having higher than average risk scores). For example, if a plan pays 20% of billed premium as a transfer payment, a 1% penalty becomes 1.25% based on the net risk adjusted premium. Conversely, if a plan receives 20% of billed premium in transfer payments, a 1% penalty becomes .8% based on the net risk adjusted premium. An alternative solution would be to use risk adjusted premium in lieu of billed premium.	Since QTI payments are applied to on-exchange membership only, using risk-adjusted premium creates complexity, as CMS does not release risk adjustment results for on-exchange membership alone. This approach necessitates the development of a methodology and assumptions for allocating risk adjustment at the member level, a process that may not be uniformly established for all plans. Additionally, it introduces significant variability into the calculation, given that risk adjustment results can fluctuate at a carrier level year to year and the timing would prove very difficult to meet for PY25 given CY23 risk adjustment would only be finalized just before PY25 rates are determined. Additionally, the purpose of risk adjustment is to ensure a fair competitive landscape for health plans, attempting to prevent the disadvantage of enrolling members with costly health conditions. Thus, it serves to minimize or eliminate the impact of risk selection on plan premiums and discourages plans from avoiding sicker enrollees. Any proposition involving discounts on QTI assessments for plans enrolling healthier individuals, along with corresponding surcharges for those enrolling sicker individuals, would directly contradict the core objectives of the risk adjustment program.

Responses to Comment Cycle 2 - Draft 2025 QHP Issuer Contract Amendment for Individual Market, Attachment 4 QTI

Article	Section #	Comment	Covered California Response
QTI		When it comes to health care, focusing on quality improvement is important, but keeping coverage affordable is absolutely vital. Affordable, accessible coverage is a fundamental building block of Covered California's mission, and the QHP carriers are concerned about the impact that QTI penalty payments will have on member premiums. As we saw in Covered California's rate announcement this summer, California's individual marketplace is already looking at a 9.6% average increase in rates for the 2024 coverage year. We hope that Covered California will carefully consider how QTI penalty payments will contribute to these increases and, in the process, consider ways to allocate QTI funding so it might mitigate any downstream impacts and unintended consequences. The QHPs are committed to improving quality outcomes for their members. Depending on how Covered California decides to utilize the funds collected through the Quality Transformation Fund, we believe there are some pathways that are worth exploring and that would allow the QHPs to make progress on quality of care while keeping rates reasonable.	Covered California appreciates your perspective and concern regarding the allocation of QTI funds. We acknowledge the importance of prudent decision-making and the price-sensitivity of our members. While we understand the concerns about potential premium increases, we believe that it is equally imperative to prioritize investments in programs that directly benefit our members. We remain committed to working closely with all stakeholders to ensure that our actions align with what is best for our members, maintaining a balance between affordability and the delivery of high-quality, equitable care.